

30 April 1975

MEMORANDUM FOR THE RECORD

REFERENCES: A. Financial Procedural Considerations  
Direct Funding Option - Property,  
forwarded to OL/EO/BF 19 Feb 75

B. 1 Apr 75 OL/OF/OJCS Meeting - OL Proposed  
Property Obligation Document Flow through  
GAS and ICS

C. Memo for the Record, dtd 21 Apr 75,  
OJCS-938-75, subj: Decision on PPA as  
it Relates to the Three Computer Systems,  
GAS, CONIF, and ICS

1. This memorandum for the record addresses the points raised in referent A that suggests retention of the present PPA/PRA system rather than adoption of a direct funding system. Paragraph identification below is keyed to referent A.

Obligation Control

A. True. However, referent B. provides that all line items are entered into GAS with subsequent system check by ICS (which is a matter of a few days at most) to confirm direct procurement action or to cancel from GAS any items that are issued from stock. The major property customers in the Agency (i.e. OC, Div D, OTS, DD/O area divisions, OEL, OL) have logistics officers who can usually identify stock items (or refer to SD/SMB) before the requisition is certified by the budget officer.

B.1. Requisitions now have DCN, FAN, estimated obligation (or encumbrance), budget certification, and line item identification when they are released by the operating component. Other needed information elements, such as the SOC, are missing. In referent B, OL proposed establishment of a GAS system commitment file that will hold these data elements pending accumulation of all other data elements required for insertion in the GAS obligation system. This file is comparable with the "manual" commitment records now maintained by OL/EO/BF pending receipt of obligation data.

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B.2. Same is required under either system. (Note: OL now requires submission of only one copy of the requisition by the operating components.)

B.3. Same is required under either system. (Note: Referent B. proposed system provides for input by the operating component of the requisition. Updating to accommodate the obligating document, such as purchase order, would be accomplished by input from ICS to GAS.)

B.4. Same is required under either system. (Note: See comment above.)

C.1. Same under either system. Agree that before contract or purchase order is let that significant price differences be coordinated with requisitioning office.

C.2. Same is required under either system.

C.3. Same is required under either system.

C.3. Comment Reference to single FAN under PPA is not correct. PPA presently utilizes over 30 FAN's. The problem of relating control numbers utilized by ICS, CONIF (and other procurement sub-systems such as General Procurement), and GAS was addressed in referent B. Until July 1974 a single number (with some few exceptions) was used by all three systems. This was the Supply Division's voucher number. With development of unique numbers for use under each sub-system, a cross-reference or index will have to be established by OJCS in order to have one system communicate with the other. We agree there are and will be complications. However, the same is true under either system.

D.1. Same is required under either system.

D.2. Same is required under either system.

D.3. Same is required under either system.

D.3. Comment The Requisitioning Module of ICS will have information on the status of each requisition and line item. It appears that OF properly would refer all inquiries to OL for answer to obligation status. Although operating components will experience significant increases in their obligation status reports, they would no longer have the need for reports on encumbrances and issues. The net change will be a reduction in line items processed. A comparison of line items reduction is illustrated by statistics provided by SD on activity during the period 1 December 1974 - 15 March 1975.

	SD Line Items	Obliga- tions	Encum- brances
Stock Replenishment	1,227	1,227	
Direct Procurement	14,055	14,055	14,055
Stock Issues	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>
<b>Totals</b>	<b>26,782</b>	<b>15,282</b>	<b>25,555</b>

Under the PPA/PRA system, operating components recorded 25,555 PRA line items. Under the direct funding system, operating components would have recorded 15,282 or 40% fewer line items.

#### Accommodation Procurement

Direct Procurement Items The option as to allottee is now and will continue to be open to Agency policy decision. The Agency can continue to fund reimbursable accommodation procurements as it presently does--i.e. single transactions to OL and combined procurement and services to operating components--or can elect to allot reimbursable accommodation procurement funds (including STAT

Issue from Stock True. (Note: Under the present system, O/Compt on advice from OF, allots funds to PPA. In FY 1975 allotments are made to two accounts--General PPA and OTS Cognizant.)

Repairs and Modifications - Equipment Under the PPA/PRA system such costs are charged to PPA for materiel that is in the inventory. This expense is recouped by re-pricing the stock item (except in case of simple repair) for issue. The direct funding system will require the inventory manager to budget separately for such costs. PPA has never funded costs of repair and modification of "in use" property under the control of the customer.

#### Conclusion

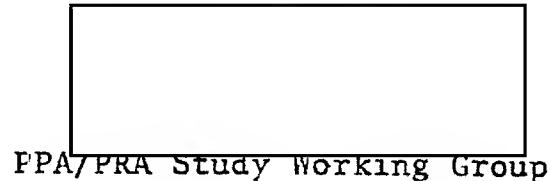
We agree that implementation of OF's proposal for automation of PRA records will result in manpower savings and alleviate one of the major criticisms of the PPA/PRA system.

A change in the property funding system of the Agency would have a major impact on GAS, ICS, and CONIF only if it is contemplated that obligation control over property procurement will continue to be based on manual input by either OL/EO/BF or by individual operating components. The basic mechanics and procedures for obligation control are the same under either system. The only difference is point of input and control.

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Referent C. outlines the conclusions reached by the OJCS  
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and interface with the up-coming Commercial Invoice System  
lead to their decision to defer automation of the property  
procurement obligation controls for at least one more year.

2. A review of the points raised by referent A. in  
light of subsequent actions of referents B. and C. suggests  
that almost all have equal validity under either the direct  
funding or the PPA/PRA system. Although the points should  
be considered in reaching decision on timing of change, they  
should not be among the basic premises on which to reach a  
decision among options for funding of property by the Agency.



STATINTL

Attachments:

Reference A  
Reference C

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